

200644025



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

AUG 02 2006

T:EP:RA:T:A2

Re:

Company =

Sub =

Seller =

This letter constitutes notice that with respect to the above-named Plan, your request for an extension for amortizing the unfunded liabilities described in section 412(b)(2)(B) of the Internal Revenue Code ("Code") and section 302(b)(2)(B) of the Employee Retirement Income Security Act of 1974 ("ERISA") has been approved subject to the condition that the contributions required to satisfy the minimum funding standard (taking into account the extension) are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years) for the plan years beginning January 1, 2005, and January 1, 2009. This approval applies to the plan year beginning January 1, 2004.

Your authorized representative agreed to this condition in a fax dated July 25, 2006. If this condition is not satisfied, the approval to extend the amortization periods for amortizing the unfunded liabilities would be retroactively null and void.

The particular unfunded liabilities for which the extension of the amortization period is granted are the actuarial loss bases of the Plan created on January 1, 2001, through 2003, and the actuarial assumption change base created on January 1, 2002. The remaining amortization periods of these bases (before an extension) are 2, 3, 4, and 8 years, respectively. The extension granted for these amortization bases is 10 years. Accordingly, the remaining amortization periods of these amortization bases (after extension) would be 12, 13, 14, and 18 years, respectively.

The extension of the amortization periods of the unfunded liabilities of the Plan has been granted in accordance with section 412(e) of the Code and section 304(a) of ERISA. Section 412(e) of the Code and section 304(a) of ERISA authorize the Secretary to extend the period of time required to amortize any unfunded liability (described in section 412(b)(2)(B) of the Code and section 302(b)(2)(B) of ERISA) of a plan for a period of time (not in excess of 10 years) if the Secretary determines that such extension would carry out the purposes of ERISA and would provide adequate protection for participants under the plan and their beneficiaries and if the Secretary determines that the failure to permit such extension would (1) result in (A) a substantial risk to the voluntary continuation of the plan, or (B) a substantial curtailment of pension benefit levels or employee compensation, and (2) be adverse to the interests of plan participants in the aggregate.

Section 101 of Reorganization Plan No. 4 of 1978, 1979-1 C.B. 480, transferred the authority for issuing rulings under section 304(a) of ERISA from the Secretary of Labor to the Secretary of the Treasury. Accordingly, the amortization periods for the unfunded liabilities of the Plan are extended as described above under section 412(e) of the Code and section 304(a) of ERISA.

The Plan is a single employer defined benefit plan. Benefit accruals to the Plan ceased effective August 31, 1995. As of January 1, 2004, the market value of assets of the Plan was approximately equal to 76.54% of the present value of accrued benefits under the Plan.

The Company is a contract manufacturer and supplier of electronics and sophisticated electro-mechanical systems and provides a complete array of services including turnkey and consignment production of complex electromechanical systems, printed circuit board assemblies, value-added electro-mechanical assemblies, process engineering, materials management and product testing.

The economic downturn after September 11, 2001, and the proliferation of off-shore manufacturing have had a significant negative impact on the Company's business. The Company has struggled to remain competitive in this commercial environment. Further exacerbating the Company's financial difficulties was an 87% increase in healthcare costs since 2001.

In early 2006, the Company acquired Sub from Seller. The acquisition of Sub will more than double the Company's sales. The Company believes that Sub's plant capacity and capability will enable it to be more competitive on future contracts.

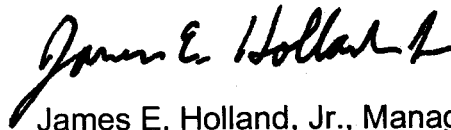
Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized.

Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the trustees of this Plan, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the trustees of this Plan (covering employees covered by this plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

When filing the amended Form 5500 for the plan year beginning January 1, 2004, the date of this letter should be entered on the amended Schedule B (Actuarial Information). We have sent a copy of this letter to the Manager, EP Classification in _____, to the Manager, EP Compliance Unit in _____, and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,



James E. Holland, Jr., Manager
Employee Plans Technical